



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

June 20, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 2 TO LEASE NO. 75318
DEPARTMENT OF MENTAL HEALTH
695 SOUTH VERMONT AVENUE, LOS ANGELES
(SECOND DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor to sign the attached Amendment No. 2 to Lease No. 75318 with Wilmont Inc. (Lessor) for an additional 7,366 rentable square feet of office space and 29 parking spaces for the remaining balance of the original ten-year term at 695 South Vermont Avenue, Los Angeles for the Department of Mental Health (DMH) at a maximum initial annual rental cost increase of \$202,185. The rental costs are 96 percent funded by State and Federal sources, and 4 percent net County cost.
2. Authorize the Director of the Internal Services Department (ISD) and DMH at the direction of the Chief Administrative Office (CAO) to acquire telephone, data, and low voltage systems for the aforementioned facility at a cost not to exceed \$200,000.
3. Find that this lease amendment is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987 and Section 15301 of the State CEQA Guidelines.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

4. Approve the project and authorize the CAO, DMH and ISD to implement the project. The Lease Amendment will be effective upon approval by your Board, but the rent for the additional, expansion space will commence upon completion of the Tenant Improvements (TI) by the Lessor and acceptance thereof by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to amend the existing lease whereby DMH can house additional staff at the subject facility. On June 21, 2005, a ten year lease was adopted by your Board for 44,298 rentable square feet of office space at the subject facility. This original space is currently occupied by DMH's Chief Information Office Bureau, Office of Consumer Affairs, Office of Family Advocate, Homeless and Housing Division, Psychiatric Mobile Response Team, Service Area VI Child Administration, and Revenue Management programs.

On November 15, 2005, Amendment No. 1 was adopted by your Board to house DMH's Planning Division in 7,400 rentable square feet at the subject facility. This expansion space is currently being built-out, and is expected to be completed by July 1, 2006.

The proposed 7,366 rentable square feet of expansion space will house DMH's Training Division, which consists of 31 full time employees. Due to the implementation of the recent Mental Health Services Act (MHSA), DMH is expanding and its headquarters located at 550 South Vermont Avenue does not have space to accommodate this growth. Co-locating the Training Division with the Chief Information Office Bureau and the Planning Division at 695 South Vermont Avenue will facilitate the sharing of existing conference and training resources while enhancing coordination and teamwork between DMH staff.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we enhance the quality and productivity of the County workforce (Goal 2). The proposed Lease supports this goal by providing a quality and efficient work environment for DMH's employees that is conducive to maximizing employee productivity.

FISCAL IMPACT/FINANCING

The maximum initial annual rental cost increase is estimated to be \$202,185, if all of the reimbursable TI allowances are used.

695 Vermont Ave Los Angeles	Original Lease	Amendment No. 1	Proposed Amendment No. 2	Change
Term	Ten Years (2/1/06 to 1/31/16)	7/1/06 to 1/31/16	11/1/06 to 1/31/16	None.
Total Area	44,298 sq. ft.	51,698 sq. ft.	59,064 sq. ft.	+7,366
Annual Base Rent	\$611,312 (\$13.80 per sq. ft.)	\$713,433 (\$13.80 per sq. ft.)	\$815,083 (\$13.80 per sq. ft.)	+\$101,650
Annual Parking Rent	\$127,440 177 parking spaces	\$148,320 206 parking spaces	\$169,200 235 parking spaces	+\$20,880 +29 parking spaces.
Annual TI Reimbursement*	\$391,643 (\$8.84/sq.ft.)	\$469,872 (\$9.09/sq.ft.)	\$549,527 (\$9.30/sq.ft.)	+\$79,655
Maximum Annual Rent**	\$1,130,395 (\$25.52/sq.ft.)	\$1,331,625 (\$25.76/sq.ft.)	\$1,533,810 (\$25.97/sq.ft.)	+\$202,185
Base TI Allowance	\$664,470 (\$15.00/sq.ft.)	\$775,470 (\$15.00/sq.ft.)	\$885,960 (\$15.00/sq.ft.)	+\$110,490
Additional TI Allowance	\$2,436,390 (\$55.00/sq.ft.)	\$2,843,390 (\$55.00/sq.ft.)	\$3,248,520 (\$55.00/sq.ft.)	+\$405,130
Discretionary TI Allowance	\$221,490 (\$5.00/sq.ft.)	\$258,490 (\$5.00/sq.ft.)	\$295,320 (\$5.00/sq.ft.)	+\$36,830
Cancellation	County may cancel at or anytime after the 36 th month with nine months notice.	County may cancel at or anytime after the 36 th month with nine months notice.	County may cancel at or anytime after the 36 th month with nine months notice.	None.
Option to Renew	One five-year option at 95% of fair rental value	One five-year option at 95% of fair rental value	One five-year option at 95% of fair rental value	None.
Rental Adjustment	Annual CPI, 2% floor, 4% cap	Annual CPI, 2% floor, 4% cap	Annual CPI, 2% floor, 4% cap	None.

*The maximum amount of reimbursable TI funds available for this project are \$60 per sq. ft. Based on final costs for recent projects, \$25 of the \$60 is allocated to furniture expenditures; \$35 of the \$60 is allocated to construction expenditures; the amortization rate for furniture is lessor's cost of funds not to exceed ten percent; the amortization rate for construction is seven percent; and both are amortized over the lease term. The projected TI reimbursements are outlined in Attachment C (TI Reimbursement Schedule).

**The maximum annual rent is the aggregate of annual base rent, annual parking rent and annual TI reimbursement.

Sufficient funding for the proposed lease amendment will be included in the 2006-07 Rent Expense Budget and will be billed back to DMH. DMH will allocate sufficient funds in its 2006-07 operating budget to cover the projected lease costs. The rental costs associated with the proposed lease amendment are funded 62 percent by State funds, 34 percent by Federal funds, and 4 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will increase DMH's occupancy in the subject building from 51,698 to 59,064 rentable square feet of office space and increase the amount of TI funds allocated to the project. The existing rental rate, terms and conditions of the lease shall prevail for the original and expansion space, and they are as follows:

- The term for the original space commenced February 1, 2006.
- The term for the initial expansion space will commence upon completion of the subsequent TI improvements by the landlord, and acceptance thereof by the County, which is expected to occur in July 2006.
- The term for the proposed space will commence upon completion of the subsequent TI improvements by the landlord, and acceptance thereof by the County, which is expected to occur in November 2006.
- The termination date for the original and expansion spaces shall be coterminous, and shall terminate on January 31, 2016.
- Full service whereby the Landlord is responsible for all operating costs associated with the County's tenancy.
- A cancellation provision allowing the County to cancel anytime after the third year upon nine months' advance notice to the Landlord. Upon cancellation, the County shall reimburse the Lessor for any and all remaining additional TI allowance funds that have not been amortized or paid in a lump sum.
- An option to renew this lease for an additional five-year period, subject to Board approval, by giving Landlord nine months' prior written notice. In the event the County exercises the renewal option, the rental rate will be adjusted to 95 percent of the average rent being charged for similar space, but the existing terms of the Lease will prevail.

- An unreimbursable, base TI allowance of \$15 per square foot is included in the rent.
- Reimbursable TI allowances of \$60 per square foot, payable via lump sum or monthly amortization payments over the term of the lease. TI reimbursement payments for furniture expenditures shall be amortized at the lessor's cost of funds, not to exceed ten percent. All other TI reimbursement payments shall be amortized at seven percent.
- The monthly base rent is subject to an annual Consumer Price Index adjustment of not less than two percent or more than four percent.

CAO Real Estate staff surveyed the Wilshire/Vermont area to determine the availability of comparable and more economical sites, as specified by DMH in order to maintain close proximity to DMH headquarters. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within the surrounding Wilshire/Vermont area and there are none available.

Based upon a market survey of similar properties in the Wilshire/Vermont area, staff has determined that the base rental range for similar space, excluding TI, is between \$13.80 and \$24.00 per square foot per year full service. The proposed annual base rental rate of \$13.80 is at the low-end of the rental range for the area.

The proposed premises are in a high rise building and do not provide the necessary space and amenities needed to operate a child care center on the premises.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The project is categorically exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

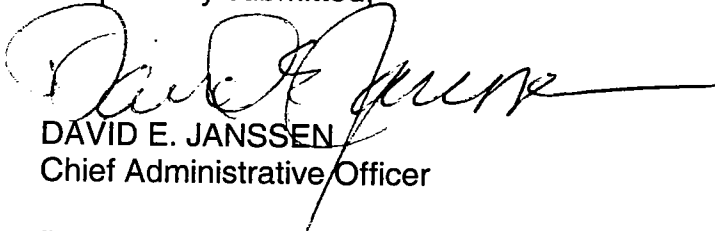
The proposed Lease Amendment will provide the necessary office space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs with this recommendation.

The Honorable Board of Supervisors
June 20, 2006
Page 6

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease amendment and the adopted, stamped Board letter, and two certified copies of the Minute Order to the CAO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a long horizontal flourish extending to the right.

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CEM:KW:hd

Attachments (3)

c: County Counsel
Department of Mental Health

ATTACHMENT A

DEPARTMENT OF MENTAL HEALTH
695 SOUTH VERMONT AVENUE, LOS ANGELES
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²	X		
	B	Does lease co-locate with other functions to better serve clients? ²	X		
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² The space plan for this lease amounts to 238 sq. ft. per person (7,366 sq.ft./31) due to the existing floor layout.		X	
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program?		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered?		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. <u>X</u> The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		¹ As approved by the Board of Supervisors 11/17/98			

²If not, why not?

ATTACHMENT B

BOUNDARIES FOR SEARCH 3 MILE RADIUS OF 550 SOUTH VERMONT AVENUE, LOS ANGELES

LACO	FACILITY NAME	ADDRESS	SQUARE FEET GROSS NET	OWNERSHIP	SQUARE FEET AVAILABLE
B393	HOLLYWOOD COURTHOUSE	5925 HOLLYWOOD BLVD, HOLLYWOOD 90028	61571	FINANCED	NONE
5461	DHS-HOLLYWOOD/WILSHIRE PUBLIC HEALTH CENTER	5205 MELROSE AVE, LOS ANGELES 90038	27578	OWNED	NONE
A578	AUDITOR - SHARED SERVICES INITIATIVE	3470 WILSHIRE BLVD, LOS ANGELES 90010	11400	LEASED	NONE
A424	DPSS-EQUITABLE PLAZA BUILDING	3435 WILSHIRE BLVD, LOS ANGELES 90010	65872	LEASED	NONE
A532	HEALTH-WILSHIRE METROPLEX BUILDING	3530 WILSHIRE BLVD, LOS ANGELES 90010	109137	LEASED	NONE
A425	DCFS-DEPARTMENTAL HEADQUARTERS BUILDING	425 SHATTO PL, LOS ANGELES 90020	80756	LEASED	NONE
A369	DCFS-PROCUREMENT AND SPECIAL SERVICES OFFICE	501 SHATTO PL, LOS ANGELES 90020	17751	LEASED	NONE
A408	DCFS-THE U S BORAX BUILDING	3075 WILSHIRE BLVD, LOS ANGELES 90010	132488	LEASED	NONE
X532	DCSS-LE SAGE COMPLEX 1 STORY BUILDING	532 S VERMONT AVE, LOS ANGELES 90020	14126	OWNED	NONE
X317	DCSS-LE SAGE COMPLEX 4 STORY BUILDING	3175 W 6TH ST, LOS ANGELES 90020	52230	OWNED	NONE
A413	HUMAN RESOURCES-WILSHIRE SQUARE TWO BUILDING	3333 WILSHIRE BLVD, LOS ANGELES 90010-4109	76304	LEASED	NONE
X550	MENTAL HEALTH-LE SAGE COMPLEX TOWER	550 S VERMONT AVE, LOS ANGELES 90020-1991	171651	OWNED	NONE
X510	PARKS & REC-LE SAGE COMPLEX 2 STORY BUILDING	510 S VERMONT AVE, LOS ANGELES 90020	31540	OWNED	NONE
Y193	PARKS & RECREATION-HEADQUARTERS BUILDING	433 S VERMONT AVE, LOS ANGELES 90020	31862	OWNED	NONE
B695	HEALTH-IMMUNIZATION PRGM/ENVIRONMENTAL HEALTH	695 S VERMONT AVE, LOS ANGELES 90010	14274	LEASED	NONE
C660	DPSS-GAIN PROGRAM REG IV/ MEDI-CAL OUTSTATION	2910 W BEVERLY BLVD, LOS ANGELES 90057	120327	LEASED	NONE
A600	CENTRAL CIVIL WEST COURTHOUSE	600 S COMMONWEALTH AVE, LOS ANGELES 90005	208799	LEASED	NONE
B500	DHS-WORKFORCE DEVELOPMENT PROGRAM	500 S VIRGIL AVE, LOS ANGELES 90020	8000	PERMIT	NONE
A360	DPSS-METRO NORTH AP/ CALWORKS DISTRICT OFFICE	2601 WILSHIRE BLVD, LOS ANGELES 90057	62000	LEASED	NONE
B922	DPSS-WILSHIRE SPECIAL DISTRICT OFFICE	2415 W 6TH ST, LOS ANGELES 90057	46228	LEASED	NONE
5353	DPSS-METRO SPECIAL DISTRICT OFFICE	2707 S GRAND AVE, LOS ANGELES 90007	115242	OWNED	NONE
6518	THE ADAMS & GRAND BUILDING	2615 S GRAND AVE, LOS ANGELES 90007	215439	OWNED	NONE
A388	ALT PUBLIC DEF-WILSHIRE-BIXEL BUILDING	1055 WILSHIRE BLVD, LOS ANGELES 90017	6500	LEASED	NONE
5266	METROPOLITAN COURTHOUSE	1945 S HILL ST, LOS ANGELES 90007	303434	FINANCED	NONE
5546	DHS-CENTRAL PUBLIC HEALTH CENTER	241 N FIGUEROA ST, LOS ANGELES 90012	60924	OWNED	NONE
A159	DISTRICT ATTORNEY-FIGUEROA PLAZA	201 N FIGUEROA ST, LOS ANGELES 90012	84607	LEASED	NONE
5456	HEALTH SERVICES ADMINISTRATION BUILDING	313 N FIGUEROA ST, LOS ANGELES 90012	221359	OWNED	NONE
0181	KENNETH HAHN HALL OF ADMINISTRATION	500 W TEMPLE ST, LOS ANGELES 90012-2713	958090	FINANCED	NONE
0155	STANLEY MOSK COURTHOUSE	111 N HILL ST, LOS ANGELES 90012	794459	OWNED	NONE
3155	THE MUSIC CENTER-DE LISA BUILDING/ THE ANNEX	301 N GRAND AVE, LOS ANGELES 90012	27582	OWNED	NONE
A429	CAO-REAL ESTATE DIVISION/ SERVICE INTEGRATION	222 S HILL ST, LOS ANGELES 90012-3503	29013	LEASED	NONE
3154	CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTR	210 W TEMPLE ST, LOS ANGELES 90012	1036283	FINANCED	NONE
Y356	EL PUEBLO REDEVELOPMENT PROPERTY-GAS CO BLDG	111 REPUBLIC ST (AKA 502 NEW HIGH), LOS ANGELES 90012	16517	OWNED	14524
0144	EL PUEBLO REDEVELOPMENT PROPERTY-OLD BRUNSWIG	510 NEW HIGH ST, LOS ANGELES 90012	35683	OWNED	22753
0142	EL PUEBLO REDEVELOPMENT PROPERTY-PLAZA HOUSE	507 N MAIN ST, LOS ANGELES 90012	15618	OWNED	11154
0143	EL PUEBLO REDEVELOPMENT PROPERTY-VICKREY BLDG	501 N MAIN ST, LOS ANGELES 90012	34350	OWNED	29710
0495	EL PUEBLO-FORMER FAR EAST BANK(NOT HABITABLE)	300 W CESAR E CHAVEZ AVE, LOS ANGELES 90012	2800	OWNED	2380
0156	HALL OF RECORDS	320 W TEMPLE ST, LOS ANGELES 90012	438095	OWNED	NONE
Y013	DPSS-CIVIC CENTER DISTRICT/GROW CENTER OFFICE	813 E 4TH PL, LOS ANGELES 90013	39956	OWNED	25158

DEPARTMENT OF MENTAL HEALTH
695 SOUTH VERMONT AVENUE, LOS ANGELES
TENANT IMPROVEMENT AND FURNITURE REIMBURSEMENT SCHEDULE

<u>Original Lease</u>		<u>Amendment No. 1</u>		<u>Amendment No. 2</u>	
<u>Annual Payments</u>		<u>Annual Payments</u>		<u>Annual Payments</u>	
Furniture	TI	Furniture	TI	Furniture	TI
Reimbursement	Reimbursement	Reimbursement	Reimbursement	Reimbursement	Reimbursement
Amount	\$1,107,450.00	\$1,292,450.00	\$1,809,430.00	\$1,476,600.00	\$2,067,240.00
Term	120	115	115	111	111
Rate	10.00%	10.00%	7.00%	10.00%	7.00%
Mo. Pymt	\$14,635.03	\$17,514.51	\$21,641.52	\$20,442.04	\$25,351.83
TI Reimbursmt	\$216,021.68	TI Reimbursmt	\$259,698.29	TI Reimbursmt	\$304,221.90
Furnit Reimbursmt	\$175,620.40	Furnit Reimbursmt	\$210,174.16	Furnit Reimbursmt	\$245,304.48
Base Rent	\$611,312.40	Base Rent	\$713,432.40	Base Rent	\$815,083.20
Parking Rent	\$127,440.00	Parking Rent	\$148,320.00	Parking Rent	\$169,200.00
Maximum Annual Rent	\$1,130,394.48	Maximum Annual Rent	\$1,331,624.85	Maximum Annual Rent	\$1,533,809.58

**AMENDMENT NO. 2 TO COUNTY LEASE NO. 75318
DEPARTMENT OF MENTAL HEALTH
695 SOUTH VERMONT AVENUE, LOS ANGELES**

This Amendment No. 2 to Lease No. 75318 ("Amendment No. 2") is made and entered into this _____ day of _____, 2006, by and between WILMONT INC., a California corporation, hereinafter referred to as "Lessor," and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Lessee,"

WHEREAS, Lessor and Lessee entered into that certain County Lease No. 75318 dated June 21, 2005 (the "Lease") whereby Lessor leased to Lessee approximately 44,298 rentable square feet of office space commonly known as the entire sixth (6th) floor; the entire seventh (7th) floor; and the entire eighth (8th) floor within the building located at 695 South Vermont Avenue, Los Angeles, California ("Original Premises"), for a term of Ten (10) years ("Initial Term") from February 1, 2006 to January 31, 2016; and

WHEREAS, Lessor and Lessee entered into that certain Amendment No. 1 to County Lease No. 75318 dated November 15, 2005, (collectively called the "Lease"), whereby Lessor leased to Lessee an additional 7,400 rentable square feet of office space on a portion of the 15th Floor in the building located at 695 South Vermont Avenue, Los Angeles, California, for the remaining balance of the Initial Term; and

WHEREAS, Lessor and Lessee desire to amend the Lease for the purpose of expanding the Premises again and making the term for the Original Premises and both expansion Premises coterminous, pursuant to the terms and conditions of the Lease and this Amendment No. 2;

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the rents, covenants and agreements hereinafter contained, Lessor and Lessee hereby covenant and agree to amend Lease No. 75318 as follows:

1. Paragraph 1. DESCRIPTION OF PREMISES, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 695 South Vermont Avenue (the "Building") Los Angeles in the County of Los Angeles, State of California, more particularly described as follows:

- Premises A: Consisting of the entire sixth (6th) floor;
- Premises B: Consisting of the entire seventh (7th) floor;
- Premises C: Consisting of the entire eighth (8th) floor;
- Premises D: Consisting of a 7,400 square foot portion of the fifteenth (15th) floor;
- Premises E: Consisting of the remaining portion of the fifteenth (15th) floor;
- Premises F: Consisting of up to Two hundred thirty five (235) parking spaces within the on-site parking garage.

Premises A, B, C, D, E and F shall be collectively known as the "Premises" and are located within the south tower of the Building, which is legally described as follows:

Lots 1-11, Book D, Wilshire Boulevard Heights in Map Book 6, Page 47 of Maps recorded with the Registrar Recorder of the County of Los Angeles.

The Premises shall consist of approximately 59,064 rentable square feet as follows: floors six (6), seven (7), eight (8) and fifteen (15) comprising approximately 14,766 rentable square feet per floor, collectively, as further delineated in the amended Exhibit "A" (Plans and Specifications) attached hereto and incorporated herein; and two hundred thirty five (235) parking spaces within the on-site parking garage as described in Paragraph 20 herein. Lessor represents that 59,064 rentable square feet is the maximum amount of square footage available, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above.

Lessee shall have the exclusive right within ninety (90) days of approval by the Board of Supervisors to field-measure and verify the exact square footage of the Premises. All measurements to be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association (BOMA) International. Should this measurement be less than the square footage stated above, Lessee shall have the exclusive right to adjust said square footage and reduce the rent in Paragraph 3 hereof upon written notice to Lessor. Lessor acknowledges that he has marketed the space at the above indicated amount and in the event of subsequent physical measurements, Lessor agrees there will be no adjustment made to either the square footage or the rent in the event the measured square footage exceeds the amount represented by the Lessor.

2. Paragraph 2. TERM, is hereby amended, and the following language shall be added to the first paragraph of Section 2A, Original Term, as follows:

The term for the portions of the Premises added pursuant to Amendment No. 2 shall commence upon execution of Amendment No. 2 by all parties. In the event the term of this Lease commences on different dates for Premises A, B, C, D, E or F, the termination date for Premises A, B, C, D, E and F shall be coterminous. Therefore, the termination date for Premises A, B, C, D, E and F shall be Ten (10) years after whichever portion of the Premises commenced first, regardless of any differences in the date of commencement. For example, if the term for Premises A or B commences February 1, 2006 then the term for Premises A, B, C, D, E and F shall terminate on January 31, 2016. Lessor and Lessee shall execute a Memorandum of Commencement Date (Exhibit "B") within 5 days of Lease Commencement for Premises A, B, C, D E and F, respectively.

3. Paragraph 3. RENT, is hereby deleted in its entirety, and the following language is inserted in substitution thereof:

The Lessee hereby agrees to pay as rent for Premises A, B, C D and E during the term, the sum of Sixty Seven Thousand Nine Hundred Twenty Three and 60/100 Dollars (\$67,923.60) per month, i.e., One and 15/100 Dollars (\$1.15) per rentable square foot per month subject to annual adjustment pursuant to Paragraph 27 of the Lease as amended and Lessee agrees to pay Sixty Dollars (\$60) per parking space per month for Premises F, all payable in advance by Auditor's General Warrant payable with in fifteen (15) days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefore for each such month to be filed with the Auditor of the County of Los Angeles prior to the first (1st) day of each month.

4. Paragraph 20. PARKING SPACES, is hereby amended as follows:

Every reference to "two hundred six (206)" that appears in Paragraph 20 shall be deleted and replaced with the following number inserted in substitution thereof: two hundred thirty five (235).

5. Paragraph 25. TENANT IMPROVEMENTS, is hereby amended as follows:

Every reference to "Seven Hundred Seventy-Five Thousand, Four Hundred Seventy Dollars (\$775,470)" that appears in Paragraphs 25A and 25B shall be deleted and replaced with the following number inserted in substitution thereof: Eight Hundred Eighty-Five Thousand, Nine Hundred Sixty Dollars (\$885,960.00)

Every reference to "Three Million, Six Hundred Eighteen Thousand, Eight Hundred Sixty Dollars (\$3,618,860)" that appears in Paragraph 25B shall be deleted and replaced with the following number inserted in substitution thereof: Four Million, One Hundred Thirty Four Thousand, Four Hundred Eighty Dollars (\$4,134,480.00).

Every reference to "Three Million, Eight Hundred Seventy-seven Thousand, Three Hundred Fifty Dollars (\$3,877,350)" that appears in Paragraph 25C shall be deleted and replaced with the following number inserted in substitution thereof: Four Million, Four Hundred Twenty-Nine Thousand, Eight Hundred Dollars (\$4,429,800.00).

6. Paragraph 27. RENTAL ADJUSTMENT, is hereby amended as follows:

Every reference to "\$59,452.70" that appears in Paragraphs 27B and 27C shall be deleted and replaced with the following number inserted in substitution thereof: \$67,923.60.

Every reference to "\$1,189.05" that appears in Paragraph 27C shall be deleted and replaced with the following number inserted in substitution thereof: \$1,358.47

Every reference to "\$2,378.10" that appears in Paragraph 27C shall be deleted and replaced with the following number inserted in substitution thereof: \$2,716.94

7. All undefined terms when used herein shall have the same respective meanings as are given under the Lease as amended unless expressly provided otherwise in this Amendment No. 2.


8. Each of the signatories for the Lessor personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Amendment No. 2 upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this representation.

9. In the event of a conflict between the terms and conditions of this Amendment No. 2 and the terms and conditions of Lease No. 75318 and/or any prior amendment thereto, the terms and conditions of this Amendment No. 2 shall prevail. All other terms and conditions of the Lease as amended by Amendment No. 1 shall remain in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Amendment No. 2 to be executed on its behalf by the Chair of said Board and attested to by the Clerk thereof the day, month, and year first above written.

LESSOR:

WILMONT, INC., a California Corporation

By 
Name Dr. David Y. Lee
Title President

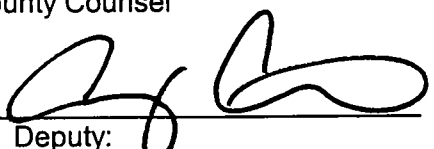
By _____
Name _____
Title _____

LESSEE:

COUNTY OF LOS ANGELES

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By 
Deputy:

By _____
Michael D. Antonovich
Mayor, Board of Supervisors

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy:

EXHIBIT B - MEMORANDUM OF COMMENCEMENT DATE

This Agreement is dated this ____ day of _____, 2006, for reference purposes only, by and between WILMONT, INC., a California Corporation, as Lessor and County of Los Angeles as Lessee.

THE PARTIES HERETO HAVE ENTERED INTO A LEASE dated as of June 21, 2005, Amendment No. 1 dated as of November 15, 2005, and Amendment No. 2 dated as of _____ (the "Lease") for the leasing of the entire 6th, 7th, 8th and 15th Floors located at 695 South Vermont Avenue, Los Angeles ("the Premises"). Lessor and Lessee hereby confirm the following:

That all construction required to be done by Lessor pursuant to the terms of the Lease have been completed subject to any remaining punchlist items;

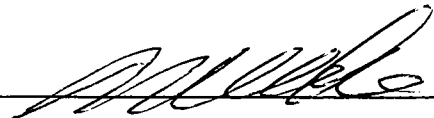
That Lessee has accepted possession of a portion of the 15th floor comprising _____ square feet and now occupies the same; and

That the term of the Lease for this portion of the 15th floor commenced _____.

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:

WILMONT, INC., a California Corporation

By  _____

By _____

Lessee:

COUNTY OF LOS ANGELES

By _____